

NCA
VOC FOR PGM/FN
BACKGROUNDER NO. 5-6225
LARRY LESUEUR

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ALASKA -- A CAPITALIST REVOLUTION:

ANNCR:

ALASKA, LARGEST AND RICHEST IN RESOURCES OF ALL THE FIFTY STATES, DREAMS OF AN EXPERIMENT IN ECONOMIC DEMOCRACY -- ONE WHICH WOULD DISTRIBUTE ITS NEW WEALTH AMONG ALL ITS CITIZENS. VOA'S LARRY LESUEUR GIVES THE BACKGROUND OF THIS OF THIS NEW CONCEPT IN ECONOMIC PIONEERING.

VOICE:

THE IDEA OF A CITIZEN-OWNED CORPORATION IN ALASKA IN WHICH EVERY CITIZEN WOULD HAVE AN OWNER'S SHARE IN THE STATE'S BOUNTIFUL ENERGY, HAS BEEN LAUNCHED BY ALASKA'S SENIOR SENATOR, DEMOCRAT MIKE GRAVEL. IF THE SCHEME WORKS, EVERY ALASKAN -- MEN, WOMEN AND CHILDREN -- WOULD OWN SHARES OF STOCK IN SUCH HUGE INVESTMENTS AS THE TRANS-ALASKA OIL PIPELINE OR THE PROPOSED NATURAL GAS PIPE LINE AS WELL AS IN OTHER INDUSTRIAL PROJECTS OF THE FUTURE. AND AS OWNERS, EACH CITIZEN WOULD SHARE IN THE PROFITS. THE CONCEPT OF SUCH A GENERAL STOCK OWNERSHIP PLAN -- KNOWN BY ITS INITIALS GSOP -- IS THE POLITICAL BRAINCHILD OF SENATOR GRAVEL.

(OPT) IT'S DIFFERENT FROM STATE OWNERSHIP, WHERE A GOVERNMENT ENTITY OPERATES FOR THE BENEFIT OF THE STATE. BENEFITS FROM STATE OWNERSHIP OF INDUSTRIES CAN FLOW INDIRECTLY TO THE GENERAL PUBLIC, BUT THE CONNECTION IS TOO REMOTE FOR ANY FEELING OF PERSONAL OWNERSHIP. (END OPT)

THE HEART OF THE GENERAL STOCK OWNERSHIP PLAN IS CREDIT -- THE POWER TO BORROW MONEY. IT IS A POWER NOT ALWAYS BE AVAILABLE TO POOR PEOPLE. SENATOR GRAVEL'S IDEA IS THAT THE STATE GOVERNMENT HAS CREDIT AND CAN BORROW MONEY TO BUY

SHARES IN AN INDUSTRIAL ENTERPRISE. THE SHARES THEN WOULD BE DISTRIBUTED TO THE CITIZENS, WHO ARE, IN EFFECT, OWNERS OF THE GOVERNMENT AND OF WHATEVER ENTERPRISE IT INVESTS IN. THAT, ESSENTIALLY, IS THE NOVEL FEATURE OF THE SCHEME -- BEYOND THAT IT WOULD WORK LIKE AN ORDINARY PRIVATE BUSINESS WITH SIMILAR PROFITS AND RISKS.

ONE ASPECT OF SUCH A GENERAL STOCK OWNERSHIP PLAN IS THAT IT WOULD DISTRIBUTE NINETY PER CENT OF ITS YEARLY PROFITS TO ITS SHAREHOLDERS. "THE IDEA OF THE PLAN MAY HAVE BEEN FLOATING AROUND FOR YEARS," SAYS SENATOR GRAVEL, "BUT JUST WAIT UNTIL THE DAY THE FIRST DIVIDEND CHECKS GO OUT TO EVERY CITIZEN OF ALASKA."

JUST HOW LONG THE CITIZENS OF ALASKA MAY HAVE TO WAIT FOR THAT DAYS IS, OF COURSE, UNPREDICTABLE. STILL, ALASKA WOULD PROVIDE A UNIQUE LABORATORY FOR THE IDEA: ITS POPULATION IS RELATIVELY SMALL AND IT HAS A VERY PROMISING FUTURE.

(OPT) INCIDENTALLY, THE SCHEME WOULD NOT NECESSARILY REQUIRE STATE CONFISCATION OF ENERGY PROJECTS SUCH AS THE EXISTING TRANS-ALASKAN OIL PIPELINE. SOME OF THE OIL COMPANIES IN THE CONSORTIUM THAT BUILT THE ALASKAN PIPELINE ARE REPORTED TO BE INTERESTED IN SELLING THEIR PROPORTIONATE SHARE OF THE PIPELINE FOR INTERNAL BUSINESS REASONS. (END OPT)

THE ALASKAN STATE LEGISLATURE HAS GONE SO FAR AS TO CONTRACT FOR AN OUTLINE OF A STATE-CHARTERED CORPORATION THAT WOULD BE OWNED BY EVERY CITIZEN AND EMPOWERED TO BORROW MONEY FOR INVESTMENT IN PRIVATE ENTERPRISES. EARNINGS WOULD BE USED TO PAY OFF THE LOAN AND THE REMAINING PROFITS DISTRIBUTED TO THE 405 THOUSAND ALASKAN CITIZEN-INVESTORS.

IT ALL MAY SOUND TOO GOOD TO BE TRUE -- BUT IT IS A FACT THAT CONGRESS, IN THE CLOSING DAYS OF ITS RECENT SESSION, AGREED TO AUTHORIZE SUCH AN EXPERIMENT AS PART OF ITS 1978 TAX LEGISLATION. THE CONGRESS ACTED AT THE URGING OF SENATE FINANCE COMMITTEE CHAIRMAN, RUSSELL LONG. SENATOR LONG, HIMSELF AN ADVOCATE OF BROADENED WORKER'S OWNERSHIP OF INDUSTRIES, SAID THAT IF THE IDEA SHOULD WORK -- IT MIGHT TURN OUT TO BE THE MOST SIGNIFICANT PROVISION IN THE LONG AND COMPLICATED TAX BILL.

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